

# City of Wyoming Retiree Health Care Plan

## – Summary Annual Report

June 30, 2017

Dear Members,

The following is a summary of your Retirement Health Care Plan. Every two years, an actuarial valuation is prepared to compare assets to liabilities and to determine future plan contributions. Assets are held and invested in a trust separate from other City assets. The only disbursements from this trust are for:

Providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan and are legally protected from creditors of the employer(s) or plan administrator

Authorized retirement healthcare plan expenses

The tasks of the Board Members include making sure trust assets are invested prudently, required City and member contributions are received and that benefits are paid in accordance with the Retirement Health Care Plan's provisions. Board members attend training sessions to not only keep up-to-date with the ever changing world of investment but also learn from other board members attending these functions.

Various professionals are hired to help in the administration of the System. They are listed on the last page of this pamphlet.

### *Actuarial Information Used for the Report*

1. 193 active members
  2. 333 retirees/beneficiaries
  3. 54 vested terminated deferred retirees
  4. Annual benefit paid \$6,735, budgeted benefits \$6,995
  5. Plan is closed to new hires
  6. \$3,496,545 total annual health benefit
  7. \$12,156,000 valuation of payroll used, unfunded AAL as a % of Active members covered payroll: 950.1%
  8. Employer's normal costs of benefits: \$234,778 Fire, \$490,365 General, \$196,506 Other Funds A\*, \$675,481 Other Funds B\*\* and \$666,341 Police
  9. Employer's required contribution amount: \$1,139,226 Fire, \$5,262,648 General, \$931,126 CWP, \$666,439 WTP, \$156,622 MP and \$2,798,318 Police
  10. Valuation Health costs Trend Rate – 9% in 2018, grading to 3.5% in 2027
  11. 4.0% & 7.25% assumed rate of investment return
  12. 3.5-7.3% assumed rate of long-term wage inflation
  13. Asset valuation-Market value
  14. 23 year amortization period used, method used is level dollar cost closed
  15. Actuarial cost method is Individual entry-age
  16. Plan net position as a % of total OPEB 36.75% while Current valuation assets are 24.1% of accrued liability
- \*Other Funds A-Motor Pool, Risk, Clean Water & Water Treatment
- \*\*Other Funds B-Public Works, Parks, Housing & Building Inspections

## Retiree Health Care Plan Trust Fund

| Assets   | Budget            | Actual                   |
|--|-------------------|--------------------------|
| Pooled cash and cash equivalent                            |                   | (207,726)                |
| Investment, at fair value                                  |                   |                          |
| Money market funds   |                   | 50,042                   |
| Domestic fixed income mutual funds                         |                   | 11,415,283               |
| Domestic equity mutual funds                               |                   | 16,314,061               |
| International equity mutual funds                          |                   | <u>9,070,411</u>         |
| Total Separately-held investments                          |                   | 36,849,797               |
| Accrued interest receivable                                |                   | -                        |
| Due from broker  |                   | -                        |
| Due from other governments                                 |                   | <u>11,626</u>            |
| <b>Total Assets</b>  |                   | <u><b>36,653,697</b></u> |
| <b>Liabilities</b>   |                   |                          |
| Accounts Payable   |                   | 2,500                    |
| Due to brokers   |                   | -                        |
| Liability under securities lending transactions            |                   | <u>-</u>                 |
| Total Liability  |                   | <u>2,500</u>             |
| <b>Net position restricted for Pension</b>                 |                   | <u><b>36,651,197</b></u> |
| <b>Additions</b>   |                   |                          |
| Contributions:   |                   |                          |
| Employer   | 2,189,174         | 2,078,617                |
| Reimbursements   | 140,000           | 164,042                  |
| Other  | -                 | <u>-</u>                 |
| Total contributions  | 2,329,174         | 2,242,659                |
| Investment income:   |                   |                          |
| Net appreciation in fair value of investment of securities | 780,000           | 2,980,072                |
| Dividends and interest                                     | 430,000           | <u>762,790</u>           |
| Total investment income                                    | 1,210,000         | 3,742,862                |
| Investment expense   | (104,000)         | <u>(112,542)</u>         |
| Net investment income                                      | 3,435,174         | 3,630,320                |
| Other income   | -                 | <u>-</u>                 |
| <b>Total additions</b>                                     | 3,435,174         | 5,872,979                |
| <b>Deductions</b>  |                   |                          |
| Benefits and refunds to participants                       | 4,125,000         | 3,496,545                |
| Administration   | 30,448            | <u>34,503</u>            |
| <b>Total deductions</b>                                    | 4,155,448         | 3,531,048                |
| <b>Change in net position</b>                              | (720,274)         | 2,341,931                |
| <b>Net position restricted for pension benefits:</b>       |                   |                          |
| Beginning balance  | 34,309,266        | 34,309,266               |
| End of year  | <u>33,588,992</u> | <u><b>36,651,197</b></u> |

## ***Funding Statistics***

**Schedule of Funding Progress**

| Actuarial<br>Valuation<br>Date<br>June 30 | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(b)-(a) | Funded<br>Ratio<br>(a)/(b) | Active<br>Member<br>Covered<br>Payroll<br>© | Unfunded<br>AAL as a % of<br>Active<br>Member<br>Covered<br>Payroll<br>((b-a)/c) |
|---|-------------------------------------|---|----------------------------|----------------------------|---|--|
| 2009                                      | \$ 12,061                           | \$ 59,833   | \$ 47,773                  | 20.2                       | \$ 22,106                                   | 216.1  |
| 2011                                      | 20,370                              | 71,343  | 50,973                     | 28.6                       | 18,978                                      | 268.6  |
| 2013                                      | 25,312                              | 100,065   | 74,753                     | 25.3                       | 17,610                                      | 424.5  |
| 2015                                      | 30,213                              | 151,832   | 121,618                    | 19.9                       | 15,740                                      | 772.7  |
| 2017                                      | 36,651                              | 152,138   | 115,487                    | 24.1                       | 12,156                                      | 950.1  |

**Schedule of Employer Contributions**

| Actuarial<br>Valuation<br>Date June<br>30 | Fiscal Year<br>Ending | Annual<br>Required<br>Contribution |
|---|-----------------------|------------------------------------|
| 2011                                      | 6/30/2011             | \$ 5,834,875                       |
|   | 6/30/2012             | 5,824,776                          |
| 2013                                      | 6/30/2013             | 7,715,174                          |
|   | 6/30/2014             | 7,688,860                          |
|   | 6/30/2015             | 7,678,535                          |
| 2015                                      | 6/30/2016             | 11,069,038                         |
|   | 6/30/2017             | 10,954,379                         |
| 2017                                      | 6/30/2018             | 10,076,828                         |
|   | 6/30/2019             | 10,061,933                         |

## **Retirement Board Members**

Andrea Boot - Chairman  
Sam Bolt - Vice Chairman  
Robert Kaminski - Trustee

Curtis Holt - Trustee  
Dave Mawby - Trustee  
Lynn Vis - Trustee

Rosa Ooms - Treasurer\*  
Kim Oostindie - Secretary\*  
\*Non-voting members

## **Professional Advisors**

PFM Asset Management LLC– Investment Manager

### **Service Providers**

Gabriel, Roeder, Smith & Company – Actuary  
Miller, Johnson, Snell, & Cummiskey – Attorney  
Rehmann Robson - Auditor

### **Additional Information**

The complete actuarial report can be found at  
<https://www.wyomingmi.gov/About-Wyoming/City-Government/Transparency-Reporting>

For additional questions, please contact City of Wyoming  
at (616)530-7226